

PSC APPROVES SEWER SYSTEM SALE

Jefferson City (December 16, 1998)---The Missouri Public Service Commission has approved an application which authorizes the sale of the Schell Sanitation, Inc. (Schell) sewer system to the City of Springfield, Missouri. The Commission's order takes effect on December 29, 1998.

Schell stated in its application that the City of Springfield is a home rule charter city located in Greene County, authorized by the statutes and the charter of the city to operate a sanitary sewer system. Springfield operates its sanitary sewer system under a permit from the Missouri Department of Natural Resources. Schell stated the City of Springfield provides a sewer collection system in the area served by Schell, which is now capable of collecting sewage waste from the area served by Schell and transmission of this waste to the treatment facilities operated by the City of Springfield. According to Schell, its operating permit from the Missouri Department of Natural Resources is conditioned on the requirement that Schell cease operating its treatment facilities when a publicly owned treatment system becomes available. Due to recent improvements in the sanitary sewer collections systems operated by the City of Springfield, Schell stated this publicly operated treatment system is now available.

Schell stated in its application the proposed transfer will not harm the public interest even though some customers may experience a rate increase.

On September 23, 1998, the PSC Staff filed a memorandum recommending the application be approved. With regard to the rate changes Schell's customers may experience, the PSC Staff stated Schell's current rate is a flat rate of \$42.35 per quarter. Springfield's rate is based upon water use during the winter months, and is \$7.78 a month plus \$0.85 per 100 cubic feet. The impact for any given customer would depend upon water use. Staff stated that the application indicated that the typical water use for a Springfield water utility customer is 700 cubic feet a month. Using this amount of water, Schell customers would experience a 2.8 percent rate reduction. Staff considers 800 cubic feet a month to be the typical water usage. Schell customers using 800 cubic feet of water a month will experience a 3.3 percent increase in their monthly water bill.

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Staff stated there are several benefits to the public that will result from the sale. “The existing small treatment facility, sized to serve the subdivision, will be eliminated in favor of a connection to Springfield’s regional-size sewer system. Schell’s sewer system, although outside the city limits, is within the area for which the Springfield’s facility is able to provide service. Staff stated that this will be a benefit because Schell’s existing treatment facility is at capacity, and there have been operational problems. Staff stated that if the Schell sanitation system were to remain in operation, it would likely need to be expanded and improved, or replaced, at considerable capital cost.”

The Commission stated in its order approving the application: “The Commission has reviewed the application of Schell and Staff’s memorandum. The Commission finds that the sale and transfer of the assets described in the application would not be detrimental to the public interest.”

Schell Sanitation, Inc. serves approximately 190 sewer customers in Greene County.

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Case No. SR-98-559